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DE RUEHMK #0565/01 2381114
ZNY CCCCC ZZH
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FM AMEMBASSY MANAMA
TO RUEHC/SECSTATE WASHDC PRIORITY 8076
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE PRIORITY
RUEHGB/AMEMBASSY BAGHDAD PRIORITY 0282
RHEVAKS/COMUSNAVCENT PRIORITY
RHMFISS/HQ USCENCOM MACDILL AFB FL PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 MANAMA 000565

SIPDIS

BAGHDAD FOR AMBASSADOR ERELI

E.O. 12958: DECL: 08/25/2018

TAGS: [ECON SA BA](#)

SUBJECT: SAUDI CEMENT RESTRICTIONS RIPPLING THROUGH
BAHRAINI ECONOMY

Classified By: CDA Christopher Henzel for reasons 1.4 (b) and (d)

- 1.(C) Summary: Saudi restrictions on the export of cement reduced Bahrain's available supply of cement by one-third, and drove prices up by 60
- 2.(C) Background: Saudi Arabia reportedly subsidizes cement production, and for years much of this subsidized cement was exported to Bahrain. I
- 3.(U) Prior to the restrictions, Bahrain was importing
- 2.3 million tons per year, or about 70 percent of its annual demand for
- 3.3 million tons of cement, from Saudi Arabia. The sole Bahraini cement company, Star Cement, only has the capacity to produce 400,000 tons per
- 4.(C) In June, following a temporary Saudi cessation of cement exports, Bahraini concrete plants shut down completely due to lack of cement sug
- 5.(C) In Bahrain, cement prices surged by 60 percent between June 1 and August 20 as the market reacted to the reduction in supply. Perhaps eve
- 6.(C) Public construction projects are suffering from the same shortages that affect the private sector. On August 23, local daily Al-Ayam repc
- 7.(C) Comment: The Bahraini construction boom is partly due to the availability of artificially low-priced materials and an influx of foreign i